
SECOND ENGROSSED SUBSTITUTE HOUSE BILL 2016

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Judiciary (originally sponsored by Representatives Springer, Lantz, Wallace, Seaquist, P. Sullivan, Moeller, Lovick, Takko, Kessler, Morrell, Rolfes, Ericks, VanDeWege, Goodman, Simpson, Linville and Ormsby)

READ FIRST TIME 02/28/07.

- 1 AN ACT Relating to eminent domain; amending RCW 8.25.020, 2 28A.335.120, 35.58.340, 35.80A.030, 35.94.040, 36.68.010, 43.43.115, 43.82.010, 47.12.063, 47.12.283, 47.52.050, 53.08.090, 3 53.25.040, 70.44.300, 79.36.330, 80.28.230, 80.40.030, and 81.112.080; adding new 4 sections to chapter 8.25 RCW; adding a new section to chapter 39.33 5 RCW; adding a new section to chapter 8.04 RCW; adding a new section to 6 7 chapter 8.08 RCW; adding a new section to chapter 8.12 RCW; adding a new section to chapter 8.16 RCW; adding a new section to chapter 8.20 8 RCW; and creating a new section. 9
- 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- NEW SECTION. Sec. 1. A new section is added to chapter 8.25 RCW to read as follows:
- (1) At the time the condemnor provides its initial written offer of 13 just compensation to a property owner, the offer shall inform the owner 14 that his or her property may be the subject of condemnation. The offer 15 16 shall include a written statement documenting the condemnor's consideration of and reasons for rejecting alternatives to the 17 condemnation sought or to the nature or extent of the condemnation 18 The offer shall further inform the owner that the condemnor 19 sought.

- must consider any reasonable alternative to condemnation or any reasonable alternative to the nature and extent of condemnation suggested by the property owner in writing as provided in subsection (3) of this section.
 - (2) The condemnor's written offer of just compensation shall be delivered personally, or in the same manner as provided in RCW 8.25.290(2)(a)(i).
- (3) The condemnor shall accept for consideration all reasonable 8 9 alternatives submitted by the owner up to the time the condemnor issues its notice of planned final action under RCW 8.25.290, or up to sixty 10 days after the condemnor provides the initial written offer of just 11 compensation to the property owner, whichever period is longer. 12 13 shall give thorough consideration to all condemnor alternatives and provide a written response to the owner regarding its 14 decision on the alternatives prior to taking final action as defined in 15 16 RCW 8.25.290. If the condemnor does not adopt a reasonable 17 alternative, it shall include in its response an explanation of the 18 reasons the alternative was rejected.
- 19 **Sec. 2.** RCW 8.25.020 and 1999 c 52 s 1 are each amended to read as 20 follows:

21 There shall be paid by the condemnor in respect of each parcel of 22 real property acquired by eminent domain or by consent under threat 23 thereof, in addition to the fair market value of the property, a sum 24 equal to the ((various expenditures actually and reasonably)) reasonable fees of a licensed appraiser incurred by those with an 25 26 interest or interests in said parcel in the process of evaluating the condemnor's offer to buy the same((, but not to exceed a total of seven 27 28 hundred fifty dollars)). In the case of multiple interests in a parcel, the division of such sum shall be determined by the court or by 29 30 agreement of the parties.

- NEW SECTION. Sec. 3. A new section is added to chapter 8.25 RCW to read as follows:
- When real property is acquired through condemnation or under the threat of condemnation, the owner of the property may retain an option to repurchase the property in accordance with this section. If the owner elects to retain such an option, it shall be a part of the

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purchase and sale agreement or other agreement for the transfer of the 1 2 property to the acquiring entity. In addition, the option to repurchase should be recorded in the real property records of the 3 county where the property is located. Failure to so record the option 4 5 will have the same effect as failure to record any other interest in real property. In any condemnation proceeding to determine just 6 7 compensation for the taking of property in which the owner has retained an option to repurchase, the amount of just compensation to be paid 8 shall be reduced by the value of the repurchase option. No repurchase 9 10 option shall be provided if the amount of just compensation paid by the acquiring entity is not reduced by the value of the repurchase option. 11

- (1) Any entity seeking to acquire real property through condemnation or under the threat of condemnation must notify the owner in writing of the right under this section to retain a repurchase option. The notice must be given:
- 16 (a) In the case of the state or other entity operating under the 17 procedures of chapter 8.04 RCW, with the notice given under RCW 18 8.04.020;

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- 19 (b) In the case of a county or other entity operating under the 20 procedures of chapter 8.08 RCW, with the notice given under RCW 21 8.08.030;
- (c) In the case of a city, town, or other entity operating under the procedures of chapter 8.12 RCW, with the summons served under RCW 8.12.070;
- 25 (d) In the case of a school district or other entity operating 26 under the procedures of chapter 8.16 RCW, with the notice given under 27 RCW 8.16.030;
- (e) In the case of a corporation or other entity operating under the procedures of chapter 8.20 RCW, with the notice given under RCW 8.20.020; and
- 31 (f) In the case of any other entity, with the service of process 32 commencing the action for condemnation.
 - (2) If real property that was transferred to an acquiring entity through or under the threat of condemnation has not been or will not be put to use for a public purpose within five years after the date the property was transferred to the acquiring entity, the acquiring entity must provide a written notice to a former owner who elected to retain a repurchase option in the property certifying that the acquiring

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entity is making reasonable progress towards the project for which the property was condemned. The acquiring entity must provide the written notice no later than five years, and no sooner than four years, after the date the property was transferred to the acquiring entity.

- (3) If, within seven years after the date real property was transferred to an acquiring entity through or under the threat of condemnation, the acquiring entity determines that all or a portion of the property or an interest in the property is no longer necessary for a public purpose and should be sold, a former owner who elected to retain a repurchase option may exercise that option in accordance with this section. "Former owner" means the person or persons from whom the acquiring entity acquired title or that person's or those persons' successors or assigns to the property or property interest that is subject to the repurchase right.
- (a) At least ninety days prior to the date on which the acquiring entity will announce a public process for property disposition or, if the sale is to be negotiated, at least ninety days prior to the date on which a purchase and sale agreement or similar document is to be signed, the acquiring entity shall (i) publish notice of its determination to sell the property or a portion of the property in a legal newspaper of general circulation in the area where the property to be sold is located, (ii) describe generally any easements, other restrictions, or reserved rights the acquiring entity intends to retain upon sale, and (iii) mail notice of the determination to the former owner of the property at the former owner's last known address or to a forwarding address if that owner has provided the acquiring entity with a forwarding address.
- (b) If the former owner notifies the acquiring entity in writing within thirty days of the date of notice provided under (a) of this subsection that the former owner intends to exercise the repurchase right granted by this section, the acquiring entity shall, unless it already has a completed current independent appraisal for the property, immediately arrange for an independent appraisal to determine the fair market value of the property or portion of property subject to repurchase, adjusted to reflect the value of any physical changes to the property, such as improvements or removal of structures. Within thirty days of receipt of the former owner's notice of intent to exercise the repurchase right or following the acquiring entity's

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receipt of the appraisal, the acquiring entity shall provide the former owner with a written copy of the appraisal. All costs of appraisal shall be paid by the acquiring entity. If the former owner does not provide timely written notice to the acquiring entity of the intent to exercise a repurchase right, that right is extinguished and the acquiring entity is relieved of any further obligation under this section.

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- (c) Within thirty days of the date the acquiring entity provides a written copy of the appraisal to the former owner under (b) of this subsection, the former owner may exercise the repurchase right granted by this section by delivering to the acquiring entity earnest money or a deposit in a form determined by the acquiring entity in an amount equal to five percent of the appraised value, together with a written promise to pay, within thirty days, the following:
- (i) The lesser of (A) the appraised value less the earnest money or deposit, or (B) an amount equal to the compensation received from the acquiring entity when the property or portion of property was condemned or sold under threat of condemnation, with interest accrued at the market rate, and with the amount adjusted to reflect the value of any physical changes to the property, such as improvements or removal of structures, as determined by the independent appraisal, less the earnest money or deposit; and
- (ii) All required fees and costs otherwise required for the transfer of real property.
 - (d) Upon receipt of the full payment required in (c) of this subsection, the acquiring entity shall transfer title to the former owner, subject to any easements, other restrictions, or reserved rights retained by the acquiring entity. If the former owner fails to complete the sale, the earnest money or deposit is forfeited to the acquiring entity, the former owner's repurchase right is extinguished, and the acquiring entity is relieved of any further obligation under this section.
 - (e) In the event that the acquiring entity and the former owner cannot agree on the amount of compensation paid for a portion of the property under (c)(i)(B) of this subsection, the acquiring entity and the former owner shall each arrange for an independent appraisal of the just compensation allocation to the portion of the property to be sold. If the acquiring entity and the former owner cannot then agree on the

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- amount, either party may initiate a lawsuit to determine the amount, or they may agree to binding arbitration in which case the appraisals shall be submitted to a third, independent appraiser. appraiser shall sit as an arbitrator and determine the amount of just compensation under (c)(i)(B) of this subsection. The arbitrator's decision shall be final and binding. The acquiring entity and former owner shall bear their own costs and fees, and pay equally the costs and fees of the arbitrator.
 - (4) The acquiring entity may reject a notice of intent under subsection (3)(b) of this section received from a person claiming to be a successor or assignee that is not accompanied by evidence sufficient to demonstrate that the person is the successor or assignee of the person from whom the acquiring entity acquired title.
 - (5) The obligations imposed on an acquiring entity in this section are in addition to any provided by law for the surplusing or sale of public property to private parties. Nothing in this section precludes an acquiring entity from retaining the property and determining not to surplus and sell the property.
- **Sec. 4.** RCW 28A.335.120 and 2006 c 263 s 913 are each amended to 20 read as follows:
- 21 (1) The board of directors of any school district of this state 22 may:
 - (a) Sell for cash, at public or private sale, and convey by deed all interest of the district in or to any of the real property of the district which is no longer required for school purposes; and
 - (b) Purchase real property for the purpose of locating thereon and affixing thereto any house or houses and appurtenant buildings removed from school sites owned by the district and sell for cash, at public or private sale, and convey by deed all interest of the district in or to such acquired and improved real property.
 - (2) When the board of directors of any school district proposes a sale of school district real property pursuant to this section and the value of the property exceeds seventy thousand dollars, the board shall publish a notice of its intention to sell the property. The notice shall be published at least once each week during two consecutive weeks in a legal newspaper with a general circulation in the area in which the school district is located. The notice shall describe the property

to be sold and designate the place where and the day and hour when a hearing will be held. The board shall hold a public hearing upon the proposal to dispose of the school district property at the place and the day and hour fixed in the notice and admit evidence offered for and against the propriety and advisability of the proposed sale.

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- (3) The board of directors of any school district desiring to sell surplus real property shall publish a notice in a newspaper of general circulation in the school district. School districts shall not sell the property for at least forty-five days following the publication of the newspaper notice.
- (4) Private schools shall have the same rights as any other person or entity to submit bids for the purchase of surplus real property and to have such bids considered along with all other bids.
- (5) Any sale of school district real property authorized pursuant to this section shall be preceded by a market value appraisal by a professionally designated real estate appraiser as defined in RCW 74.46.020 or a general real estate appraiser certified under chapter 18.140 RCW selected by the board of directors and no sale shall take place if the sale price would be less than ninety percent of the appraisal made by the real estate appraiser: PROVIDED, That if the property has been on the market for one year or more the property may be reappraised and sold for not less than seventy-five percent of the reappraised value with the unanimous consent of the board.
- (6) If in the judgment of the board of directors of any district the sale of real property of the district not needed for school purposes would be facilitated and greater value realized through use of the services of licensed real estate brokers, a contract for such services may be negotiated and concluded: PROVIDED, That the use of a licensed real estate broker will not eliminate the obligation of the board of directors to provide the notice described in this section: PROVIDED FURTHER, That the fee or commissions charged for any broker services shall not exceed seven percent of the resulting sale value for a single parcel: PROVIDED FURTHER, That any professionally designated real estate appraiser as defined in RCW 74.46.020 or a general real estate appraiser certified under chapter 18.140 RCW selected by the board to appraise the market value of a parcel of property to be sold may not be a party to any contract with the school district to sell

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- 1 such parcel of property for a period of three years after the 2 appraisal.
 - (7) If in the judgment of the board of directors of any district the sale of real property of the district not needed for school purposes would be facilitated and greater value realized through sale on contract terms, a real estate sales contract may be executed between the district and buyer.
- 8 (8) This section is subject to and operates only to the extent its
 9 application is not inconsistent with the operation of section 3 of this
 10 act with respect to property acquired through or under the threat of
 11 condemnation.
- **Sec. 5.** RCW 35.58.340 and 1993 c 240 s 9 are each amended to read 13 as follows:

Except as otherwise provided herein, a metropolitan municipal corporation may sell, or otherwise dispose of any real or personal property acquired in connection with any authorized metropolitan function and which is no longer required for the purposes of the metropolitan municipal corporation in the same manner as provided for cities. When the metropolitan council determines that a metropolitan facility or any part thereof which has been acquired from a component city or county without compensation is no longer required for metropolitan purposes, but is required as a local facility by the city or county from which it was acquired, the metropolitan council shall by resolution transfer it to such city or county. This section is subject to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property acquired through or under the threat of condemnation.

Sec. 6. RCW 35.80A.030 and 1989 c 271 s 241 are each amended to 29 read as follows:

A county, city, or town may dispose of real property acquired pursuant to this section to private persons only under such reasonable, competitive procedures as it shall prescribe. The county, city, or town may accept such proposals as it deems to be in the public interest and in furtherance of the purposes of this chapter. Thereafter, the county, city, or town may execute and deliver contracts, deeds, leases, and other instruments of transfer. This section is subject to and

- 1 operates only to the extent its application is not inconsistent with
- 2 the operation of section 3 of this act with respect to property
- 3 <u>acquired through or under the threat of condemnation.</u>

Sec. 7. RCW 35.94.040 and 1973 1st ex.s. c 95 s 1 are each amended to read as follows:

Whenever a city shall determine, by resolution of its legislative authority, that any lands, property, or equipment originally acquired for public utility purposes is surplus to the city's needs and is not required for providing continued public utility service, then such legislative authority by resolution and after a public hearing may cause such lands, property, or equipment to be leased, sold, or conveyed. Such resolution shall state the fair market value or the rent or consideration to be paid and such other terms and conditions for such disposition as the legislative authority deems to be in the best public interest.

The provisions of RCW 35.94.020 and 35.94.030 shall not apply to dispositions authorized by this section.

This section is subject to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property acquired through or under the threat of condemnation.

Sec. 8. RCW 36.68.010 and 1963 c 4 s 36.68.010 are each amended to 23 read as follows:

Counties may establish park and playground systems for public recreational purposes and for such purposes shall have the power to acquire lands, buildings and other facilities by gift, purchase, lease, devise, bequest and condemnation. A county may lease or sell any park property, buildings or facilities surplus to its needs, or no longer suitable for park purposes: PROVIDED, That such park property shall be subject to the requirements and provisions of notice, hearing, bid or intergovernmental transfer as provided in chapter 36.34 RCW: PROVIDED FURTHER, That nothing in this section shall be construed as authorizing any county to sell any property which such county acquired by condemnation for park or playground or other public recreational purposes on or after January 1, 1960, until held for five years or more after such acquisition: PROVIDED FURTHER, That funds acquired from the

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- 1 lease or sale of any park property, buildings or facilities shall be
- 2 placed in the park and recreation fund to be used for capital purposes.
- 3 This section is subject to and operates only to the extent its
- 4 application is not inconsistent with the operation of section 3 of this
- 5 act with respect to property acquired through or under the threat of
- 6 <u>condemnation</u>.
- 7 <u>NEW SECTION.</u> **Sec. 9.** A new section is added to chapter 39.33 RCW
- 8 to read as follows:
- 9 This chapter is subject to and operates only to the extent its
- 10 application is not inconsistent with the operation of section 3 of this
- 11 act with respect to property acquired through or under the threat of
- 12 condemnation.
- 13 **Sec. 10.** RCW 43.43.115 and 1993 c 438 s 1 are each amended to read
- 14 as follows:
- Whenever real property owned by the state of Washington and under
- 16 the jurisdiction of the Washington state patrol is no longer required,
- 17 it may be sold at fair market value. All proceeds received from the
- 18 sale of real property, less any real estate broker commissions, shall
- 19 be deposited into the state patrol highway account: PROVIDED, That if
- 20 accounts or funds other than the state patrol highway account have
- 21 contributed to the purchase or improvement of the real property, the
- 22 office of financial management shall determine the proportional equity
- 23 of each account or fund in the property and improvements, and shall
- 24 direct the proceeds to be deposited proportionally therein. This
- 25 section is subject to and operates only to the extent its application
- 26 is not inconsistent with the operation of section 3 of this act with
- 27 respect to property acquired through or under the threat of
- 28 condemnation.
- 29 Sec. 11. RCW 43.82.010 and 2007 c 506 s 8 are each amended to read
- 30 as follows:
- 31 (1) The director of general administration, on behalf of the agency
- 32 involved and after consultation with the office of financial
- 33 management, shall purchase, lease, lease purchase, rent, or otherwise
- 34 acquire all real estate, improved or unimproved, as may be required by
- 35 elected state officials, institutions, departments, commissions,

boards, and other state agencies, or federal agencies where joint state and federal activities are undertaken and may grant easements and transfer, exchange, sell, lease, or sublease all or part of any surplus real estate for those state agencies which do not otherwise have the specific authority to dispose of real estate. This section does not transfer financial liability for the acquired property to the department of general administration.

- (2) Except for real estate occupied by federal agencies, the director shall determine the location, size, and design of any real estate or improvements thereon acquired or held pursuant to subsection (1) of this section. Facilities acquired or held pursuant to this chapter, and any improvements thereon, shall conform to standards adopted by the director and approved by the office of financial management governing facility efficiency unless a specific exemption from such standards is provided by the director of general administration. The director of general administration shall report to the office of financial management and the appropriate committees of the legislature annually on any exemptions granted pursuant to this subsection.
- (3) The director of general administration may fix the terms and conditions of each lease entered into under this chapter, except that no lease shall extend greater than twenty years in duration. The director of general administration may enter into a long-term lease greater than ten years in duration upon a determination by the director of the office of financial management that the long-term lease provides a more favorable rate than would otherwise be available, it appears to a substantial certainty that the facility is necessary for use by the state for the full length of the lease term, and the facility meets the standards adopted pursuant to subsection (2) of this section. The director of general administration may enter into a long-term lease greater than ten years in duration if an analysis shows that the lifecycle cost of leasing the facility is less than the life-cycle cost of purchasing or constructing a facility in lieu of leasing the facility.
- (4) Except as permitted under chapter 39.94 RCW, no lease for or on behalf of any state agency may be used or referred to as collateral or security for the payment of securities offered for sale through a public offering. Except as permitted under chapter 39.94 RCW, no lease for or on behalf of any state agency may be used or referred to as

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collateral or security for the payment of securities offered for sale 1 2 through a private placement without the prior written approval of the state treasurer. However, this limitation shall not prevent a lessor 3 from assigning or encumbering its interest in a lease as security for 4 5 the repayment of a promissory note provided that the transaction would otherwise be an exempt transaction under RCW 21.20.320. 6 7 treasurer shall adopt rules that establish the criteria under which any such approval may be granted. In establishing such criteria the state 8 treasurer shall give primary consideration to the protection of the 9 10 state's credit rating and the integrity of the state's debt management 11 If it appears to the state treasurer that any lease has been used or referred to in violation of this subsection or rules adopted 12 13 under this subsection, then he or she may recommend that the governor 14 cause such lease to be terminated. The department of administration shall promptly notify the state treasurer whenever it 15 16 may appear to the department that any lease has been used or referred 17 to in violation of this subsection or rules adopted under this subsection. 18

- (5) It is the policy of the state to encourage the colocation and consolidation of state services into single or adjacent facilities, whenever appropriate, to improve public service delivery, minimize duplication of facilities, increase efficiency of operations, and promote sound growth management planning.
- director of general administration shall provide The coordinated long-range planning services to identify and evaluate opportunities for colocating and consolidating state facilities. the renewal of any lease, the inception of a new lease, or the purchase of a facility, the director of general administration shall determine whether an opportunity exists for colocating the agency or agencies in a single facility with other agencies located in the same geographic If a colocation opportunity exists, the director of general administration shall consult with the affected state agencies and the office of financial management to evaluate the impact colocation would have on the cost and delivery of agency programs, including whether program delivery would be enhanced due to the centralization of services. The director of general administration, in consultation with the office of financial management, shall develop procedures for implementing colocation and consolidation of state facilities.

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(7) The director of general administration is authorized to purchase, lease, rent, or otherwise acquire improved or unimproved real estate as owner or lessee and to lease or sublet all or a part of such real estate to state or federal agencies. The director of general administration shall charge each using agency its proportionate rental which shall include an amount sufficient to pay all costs, including, but not limited to, those for utilities, janitorial and accounting services, and sufficient to provide for contingencies; which shall not exceed five percent of the average annual rental, to meet unforeseen expenses incident to management of the real estate.

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- (8) If the director of general administration determines that it is necessary or advisable to undertake any work, construction, alteration, repair, or improvement on any real estate acquired pursuant to subsection (1) or (7) of this section, the director shall cause plans and specifications thereof and an estimate of the cost of such work to be made and filed in his or her office and the state agency benefiting thereby is hereby authorized to pay for such work out of any available funds: PROVIDED, That the cost of executing such work shall not exceed the sum of twenty-five thousand dollars. Work, construction, alteration, repair, or improvement in excess of twenty-five thousand dollars, other than that done by the owner of the property if other than the state, shall be performed in accordance with the public works law of this state.
- (9) In order to obtain maximum utilization of space, the director of general administration shall make space utilization studies, and shall establish standards for use of space by state agencies. Such studies shall include the identification of opportunities for colocation and consolidation of state agency office and support facilities.
- (10) The director of general administration may construct new buildings on, or improve existing facilities, and furnish and equip, all real estate under his or her management. Prior to the construction of new buildings or major improvements to existing facilities or acquisition of facilities using a lease purchase contract, the director of general administration shall conduct an evaluation of the facility design and budget using life-cycle cost analysis, value-engineering, and other techniques to maximize the long-term effectiveness and efficiency of the facility or improvement.

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- (11) All conveyances and contracts to purchase, lease, rent, transfer, exchange, or sell real estate and to grant and accept easements shall be approved as to form by the attorney general, signed by the director of general administration or the director's designee, and recorded with the county auditor of the county in which the property is located.
 - (12) The director of general administration may delegate any or all of the functions specified in this section to any agency upon such terms and conditions as the director deems advisable. By January 1st of each year, beginning January 1, 2008, the department shall submit an annual report to the office of financial management and the appropriate committees of the legislature on all delegated leases.
- 13 (13) This section does not apply to the acquisition of real estate 14 by:
- 15 (a) The state college and universities for research or experimental purposes;
- 17 (b) The state liquor control board for liquor stores and 18 warehouses; and
 - (c) The department of natural resources, the department of fish and wildlife, the department of transportation, and the state parks and recreation commission for purposes other than the leasing of offices, warehouses, and real estate for similar purposes.
 - (14) Notwithstanding any provision in this chapter to the contrary, the department of general administration may negotiate ground leases for public lands on which property is to be acquired under a financing contract pursuant to chapter 39.94 RCW under terms approved by the state finance committee.
 - (15) The department of general administration shall report annually to the office of financial management and the appropriate fiscal committees of the legislature on facility leases executed for all state agencies for the preceding year, lease terms, and annual lease costs. The report must include leases executed under RCW 43.82.045 and subsection (12) of this section.
- 34 (16) This section is subject to and operates only to the extent its 35 application is not inconsistent with the operation of section 3 of this 36 act with respect to property acquired through or under the threat of 37 condemnation.

- **Sec. 12.** RCW 47.12.063 and 2006 c 17 s 2 are each amended to read 2 as follows:
 - (1) It is the intent of the legislature to continue the department's policy giving priority consideration to abutting property owners in agricultural areas when disposing of property through its surplus property program under this section.
 - (2) Whenever the department determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for transportation purposes and that it is in the public interest to do so, the department may sell the property or exchange it in full or part consideration for land or improvements or for construction of improvements at fair market value to any of the following governmental entities or persons:
 - (a) Any other state agency;

- (b) The city or county in which the property is situated;
- (c) Any other municipal corporation;
 - (d) Regional transit authorities created under chapter 81.112 RCW;
- 18 (e) The former owner of the property from whom the state acquired 19 title;
 - (f) In the case of residentially improved property, a tenant of the department who has resided thereon for not less than six months and who is not delinquent in paying rent to the state;
 - (g) Any abutting private owner but only after each other abutting private owner (if any), as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the property within fifteen days after receiving notice of the proposed sale, the property shall be sold at public auction in the manner provided in RCW 47.12.283;
- 30 (h) To any person through the solicitation of written bids through 31 public advertising in the manner prescribed by RCW 47.28.050;
 - (i) To any other owner of real property required for transportation purposes;
 - (j) In the case of property suitable for residential use, any nonprofit organization dedicated to providing affordable housing to very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510 and is eligible to receive assistance through the Washington housing trust fund created in chapter 43.185 RCW; or

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- 1 (k) A federally recognized Indian tribe within whose reservation 2 boundary the property is located.
 - (3) Sales to purchasers may at the department's option be for cash, by real estate contract, or exchange of land or improvements. Transactions involving the construction of improvements must be conducted pursuant to chapter 47.28 RCW or Title 39 RCW, as applicable, and must comply with all other applicable laws and rules.
 - (4) Conveyances made pursuant to this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.
 - (5) Unless otherwise provided, all moneys received pursuant to the provisions of this section less any real estate broker commissions paid pursuant to RCW 47.12.320 shall be deposited in the motor vehicle fund.
- (6) This section is subject to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property acquired through or under the threat of condemnation.
- **Sec. 13.** RCW 47.12.283 and 1979 ex.s. c 189 s 1 are each amended 19 to read as follows:
 - (1) Whenever the department of transportation determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for highway purposes and that it is in the public interest to do so, the department may, in its discretion, sell the property under RCW 47.12.063 or under subsections (2) through (6) of this section.
 - (2) Whenever the department determines to sell real property under its jurisdiction at public auction, the department shall first give notice thereof by publication on the same day of the week for two consecutive weeks, with the first publication at least two weeks prior to the date of the auction, in a legal newspaper of general circulation in the area where the property to be sold is located. The notice shall be placed in both the legal notices section and the real estate classified section of the newspaper. The notice shall contain a description of the property, the time and place of the auction, and the terms of the sale. The sale may be for cash or by real estate contract.

(3) The department shall sell the property at the public auction, in accordance with the terms set forth in the notice, to the highest and best bidder providing the bid is equal to or higher than the appraised fair market value of the property.

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- (4) If no bids are received at the auction or if all bids are rejected, the department may, in its discretion, enter into negotiations for the sale of the property or may list the property with a licensed real estate broker. No property shall be sold by negotiations or through a broker for less than the property's appraised fair market value. Any offer to purchase real property pursuant to this subsection shall be in writing and may be rejected at any time prior to written acceptance by the department.
- (5) Before the department shall approve any offer for the purchase of real property having an appraised value of more than ten thousand dollars, pursuant to subsection (4) of this section, the department shall first publish a notice of the proposed sale in a local newspaper of general circulation in the area where the property is located. notice shall include a description of the property, the selling price, the terms of the sale, including the price and interest rate if sold by real estate contract, and the name and address of the department employee or the real estate broker handling the transaction. notice shall further state that any person may, within ten days after the publication of the notice, deliver to the designated state employee or real estate broker a written offer to purchase the property for not less than ten percent more than the negotiated sale price, subject to the same terms and conditions. A subsequent offer shall not be considered unless it is accompanied by a deposit of twenty percent of the offer in the form of cash, money order, cashiers check, certified check payable to the Washington state treasurer, to be forfeited to the state (for deposit in the motor vehicle fund) if the offeror fails to complete the sale if the offeror's offer is accepted. If a subsequent offer is received, the first offeror shall be informed by registered or certified mail sent to the address stated in his The first offeror shall then have ten days, from the date of mailing the notice of the increased offer, in which to file with the designated state employee or real estate broker a higher offer than that of the subsequent offeror. After the expiration of the ten day

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period, the department shall approve in writing the highest and best offer which the department then has on file.

- (6) All moneys received pursuant to this section, less any real estate broker's commissions paid pursuant to RCW 47.12.320, shall be deposited in the motor vehicle fund.
- (7) This section is subject to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property acquired through or under the threat of condemnation.
- 10 **Sec. 14.** RCW 47.52.050 and 1971 ex.s. c 39 s 1 are each amended to 11 read as follows:
 - (1) For the purpose of this chapter the highway authorities of the state, counties and incorporated cities and towns, respectively, or in cooperation one with the other, may acquire private or public property and property rights for limited access facilities and service roads, including rights of access, air, view and light, by gift, devise, purchase, or condemnation, in the same manner as such authorities are now or hereafter may be authorized by law to acquire property or property rights in connection with highways and streets within their respective jurisdictions. Except as otherwise provided in subsection (2) of this section all property rights acquired under the provisions of this chapter shall be in fee simple. In the acquisition of property or property rights for any limited access facility or portion thereof, or for any service road in connection therewith, the state, county, incorporated city and town authority may, in its discretion, acquire an entire lot, block or tract of land, if by so doing the interest of the public will be best served, even though said entire lot, block or tract is not immediately needed for the limited access facility. subsection is subject to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property acquired through or under the threat of condemnation.
 - (2) The highway authorities of the state, counties, and incorporated cities and towns may acquire by gift, devise, purchase, or condemnation a three dimensional air space corridor in fee simple over or below the surface of the ground, together with such other property

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in fee simple and other property rights as are needed for the construction and operation of a limited access highway facility, but only if the acquiring authority finds that the proposal will not:

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- (a) impair traffic safety on the highway or interfere with the free flow of traffic; or
- 6 (b) permit occupancy or use of the air space above or below the 7 highway which is hazardous to the operation of the highway.

8 **Sec. 15.** RCW 53.08.090 and 1994 c 26 s 1 are each amended to read 9 as follows:

- (1) A port commission may, by resolution, authorize the managing official of a port district to sell and convey port district property of ten thousand dollars or less in value. The authority shall be in force for not more than one calendar year from the date of resolution and may be renewed from year to year. Prior to any such sale or conveyance the managing official shall itemize and list the property to be sold and make written certification to the commission that the listed property is no longer needed for district purposes. Any large block of the property having a value in excess of ten thousand dollars shall not be broken down into components of ten thousand dollars or less value and sold in the smaller components unless the smaller components be sold by public competitive bid. A port district may sell and convey any of its real or personal property valued at more than ten thousand dollars when the port commission has, by resolution, declared the property to be no longer needed for district purposes, but no property which is a part of the comprehensive plan of improvement or modification thereof shall be disposed of until the comprehensive plan has been modified to find the property surplus to port needs. comprehensive plan shall be modified only after public notice and hearing provided by RCW 53.20.010.
 - Nothing in this section shall be deemed to repeal or modify procedures for property sales within industrial development districts as set forth in chapter 53.25 RCW.
 - (2) The ten thousand dollar figures in subsection (1) of this section shall be adjusted annually based upon the governmental price index established by the department of revenue under RCW 82.14.200.
 - (3) This section is subject to and operates only to the extent its

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- 1 application is not inconsistent with the operation of section 3 of this
- 2 act with respect to property acquired through or under the threat of
- 3 condemnation.

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- 4 **Sec. 16.** RCW 53.25.040 and 1989 c 167 s 1 are each amended to read 5 as follows:
 - (1) A port commission may, after a public hearing thereon, of which at least ten days' notice shall be published in a newspaper of general circulation in the port district, create industrial development districts within the district and define the boundaries thereof, if it finds that the creation of the industrial development district is proper and desirable in establishing and developing a system of harbor improvements and industrial development in the port district.
 - (2) The boundaries of an industrial development district created by subsection (1) of this section may be revised from time to time by resolution of the port commission, to delete land area therefrom, if the land area to be deleted was acquired by the port district with its own funds or by gift or transfer other than pursuant to RCW 53.25.050 or 53.25.060.

As to any land area to be deleted under this subsection that was acquired or improved by the port district with funds obtained through RCW 53.36.100, the port district shall deposit funds equal to the fair market value of the lands and improvements into the fund for future use described in RCW 53.36.100 and such funds shall be thereafter subject to RCW 53.36.100. The fair market value of the land and improvements shall be determined as of the effective date of the port commission action deleting the land from the industrial development district and shall be determined by an average of at least two independent appraisals by professionally designated real estate appraisers as defined in RCW 74.46.020 or licensed real estate brokers. shall be deposited into the fund for future use described in RCW 53.36.100 within ninety days of the effective date of the port commission action deleting the land area from the industrial district. Land areas deleted from an industrial development district under this subsection shall not be further subject to the provisions of this chapter. This subsection shall apply to presently existing and future industrial development districts. Land areas deleted from industrial development district under this subsection that were

included within such district for less than two years, if the port 1 2 district acquired the land through condemnation or as a consequence of threatened condemnation, shall be offered for sale, for cash, at the 3 appraised price, to the former owner of the property from whom the 4 5 district obtained title. Such offer shall be made by certified or registered letter to the last known address of the former owner. 6 7 letter shall include the appraised price of the property and notice that the former owner must respond in writing within thirty days or 8 9 lose the right to purchase. If this right to purchase is exercised, the sale shall be closed by midnight of the sixtieth day, including 10 nonbusiness days, following close of the thirty-day period. 11 12 section is subject to and operates only to the extent its application 13 is not inconsistent with the operation of section 3 of this act with 14 respect to property acquired through or under the threat of condemnation. 15

Sec. 17. RCW 70.44.300 and 1997 c 332 s 17 are each amended to 17 read as follows:

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- (1) The board of commissioners of any public hospital district may sell and convey at public or private sale real property of the district if the board determines by resolution that the property is no longer required for public hospital district purposes or determines by resolution that the sale of the property will further the purposes of the public hospital district.
- (2) Any sale of district real property authorized pursuant to this section shall be preceded, not more than one year prior to the date of sale, by market value appraisals by three licensed real estate brokers or professionally designated real estate appraisers as defined in RCW 74.46.020 or three independent experts in valuing health care property, selected by the board of commissioners, and no sale shall take place if the sale price would be less than ninety percent of the average of such appraisals.
- (3) When the board of commissioners of any public hospital district proposes a sale of district real property pursuant to this section and the value of the property exceeds one hundred thousand dollars, the board shall publish a notice of its intention to sell the property. The notice shall be published at least once each week during two consecutive weeks in a legal newspaper of general circulation within

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- the public hospital district. The notice shall describe the property to be sold and designate the place where and the day and hour when a hearing will be held. The board shall hold a public hearing upon the proposal to dispose of the public hospital district property at the place and the day and hour fixed in the notice and consider evidence offered for and against the propriety and advisability of the proposed sale.
 - (4) If in the judgment of the board of commissioners of any district the sale of any district real property not needed for public hospital district purposes would be facilitated and greater value realized through use of the services of licensed real estate brokers, a contract for such services may be negotiated and concluded. The fee or commissions charged for any broker service shall not exceed seven percent of the resulting sale price for a single parcel. No licensed real estate broker or professionally designated real estate appraisers as defined in RCW 74.46.020 or independent expert in valuing health care property selected by the board to appraise the market value of a parcel of property to be sold may be a party to any contract with the public hospital district to sell such property for a period of three years after the appraisal.
 - (5) This section is subject to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property acquired through or under the threat of condemnation.
- **Sec. 18.** RCW 79.36.330 and 2004 c 199 s 217 are each amended to read as follows:

In the event the department should determine that the property interests acquired under the authority of this chapter are no longer necessary for the purposes for which they were acquired, the department shall dispose of the same in the following manner, when in the discretion of the department it is to the best interests of the state of Washington to do so, except that property purchased with educational funds or held in trust for educational purposes shall be sold only in the same manner as are state lands:

(1) Where the state property necessitating the acquisition of private property interests for access purposes under authority of this chapter is sold or exchanged, the acquired property interests may be

sold or exchanged as an appurtenance of the state property when it is determined by the department that sale or exchange of the state property and acquired property interests as one parcel is in the best interests of the state.

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- (2) If the acquired property interests are not sold or exchanged as provided in subsection (1) of this section, the department shall notify the person or persons from whom the property interest was acquired, stating that the property interests are to be sold, and that the person or persons shall have the right to purchase the same at the appraised price. The notice shall be given by registered letter or certified mail, return receipt requested, mailed to the last known address of the person or persons. If the address of the person or persons is unknown, the notice shall be published twice in an official newspaper of general circulation in the county where the lands or a portion thereof is The second notice shall be published not less than ten nor more than thirty days after the notice is first published. or persons shall have thirty days after receipt of the registered letter or five days after the last date of publication, as the case may be, to notify the department, in writing, of their intent to purchase the offered property interest. The purchaser shall include with his or her notice of intention to purchase, cash payment, certified check, or money order in an amount not less than one-third of the appraised price. No instrument conveying property interests shall issue from the department until the full price of the property is received by the department. All costs of publication required under this section shall be added to the appraised price and collected by the department upon sale of the property interests.
- (3) If the property interests are not sold or exchanged as provided in subsections (1) and (2) of this section, the department shall notify the owners of land abutting the property interests in the same manner as provided in subsection (2) of this section and their notice of intent to purchase shall be given in the manner and in accordance with the same time limits as are set forth in subsection (2) of this section. However, if more than one abutting owner gives notice of intent to purchase the property interests, the department shall apportion them in relation to the lineal footage bordering each side of the property interests to be sold, and apportion the costs to the interested purchasers in relation thereto. Further, no sale is

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- authorized by this section unless the department is satisfied that the amounts to be received from the several purchasers will equal or exceed the appraised price of the entire parcel plus any costs of publishing notices.
 - (4) If no sale or exchange is consummated as provided in subsections (1) through (3) of this section, the department shall sell the properties in the same manner as state lands are sold.
- 8 (5) Any disposal of property interests authorized by this chapter 9 shall be subject to any existing rights previously granted by the 10 department.
- 11 (6) This section is subject to and operates only to the extent its
 12 application is not inconsistent with the operation of section 3 of this
 13 act with respect to property acquired through or under the threat of
 14 condemnation.
- 15 **Sec. 19.** RCW 80.28.230 and 1961 c 14 s 80.28.230 are each amended to read as follows:

17 Any property or interest acquired as provided in RCW 80.28.220 shall be used exclusively for the purposes for which it was acquired: 18 PROVIDED, HOWEVER, That if any such property be sold or otherwise 19 20 disposed of by said corporations, such sale or disposition shall be by 21 public sale or disposition and advertised in the manner of public sales in the county where such property is located. This section is subject 22 23 to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property 24 acquired through or under the threat of condemnation. 25

26 **Sec. 20.** RCW 80.40.030 and 1963 c 201 s 4 are each amended to read 27 as follows:

Any natural gas company having received an order under RCW 80.40.040 shall have the right of eminent domain to be exercised in the manner provided in and subject to the provisions of chapter 8.20 RCW to acquire for its use for the underground storage of natural gas any underground reservoir, as well as such other property or interests in property as may be required to adequately maintain and utilize the underground reservoir for the underground storage of natural gas, including easements and rights of way for access to and egress from the underground storage reservoir. The right of eminent domain granted

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hereby shall apply to property or property interests held in private 1 2 ownership, provided condemnor has exercised good faith in negotiations for private sale or lease. No property shall be taken or damaged until 3 the compensation to be made therefor shall have been ascertained and 4 5 paid. Any property or interest therein so acquired by any natural gas company shall be used exclusively for the purposes for which it was 6 7 acquired. Any decree of appropriation hereunder shall define and limit the rights condemned and shall provide for the reversion of such rights 8 to the defendant or defendants or their successors in interest upon 9 10 abandonment of the underground storage project. Good faith exploration work or development work relative to the storage reservoir 11 conclusive evidence that its use has not been abandoned. The court may 12 include in such decree such other relevant conditions, covenants and 13 14 restrictions as it may deem fair and equitable. This section is subject to and operates only to the extent its application is not 15 inconsistent with the operation of section 3 of this act with respect 16 17 to property acquired through or under the threat of condemnation.

18 **Sec. 21.** RCW 81.112.080 and 1992 c 101 s 8 are each amended to 19 read as follows:

An authority shall have the following powers in addition to the general powers granted by this chapter:

22 (1) To carry out the planning processes set forth in RCW 23 81.104.100;

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(2) To acquire by purchase, condemnation, gift, or grant and to lease, construct, add to, improve, replace, repair, maintain, operate, and regulate the use of high capacity transportation facilities and properties within authority boundaries including surface, underground, or overhead railways, tramways, busways, buses, bus sets, entrained and linked buses, ferries, or other means of local transportation except taxis, and including escalators, moving sidewalks, personal rapid transit systems or other people-moving systems, passenger terminal and parking facilities and properties, and such other facilities and properties as may be necessary for passenger, vehicular, and vessel access to and from such people-moving systems, terminal and parking facilities and properties, together with all lands, rights of way, property, equipment, and accessories necessary for such high capacity transportation systems. When developing specifications for high

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capacity transportation system operating equipment, an authority shall 1 2 take into account efforts to establish or sustain a domestic manufacturing capacity for such equipment. The right of eminent domain 3 shall be exercised by an authority in the same manner and by the same 4 procedure as or may be provided by law for cities of the first class, 5 except insofar as such laws may be inconsistent with the provisions of 6 7 this chapter. Public transportation facilities and properties which are owned by any city, county, county transportation authority, public 8 transportation benefit area, or metropolitan municipal corporation may 9 10 be acquired or used by an authority only with the consent of the agency owning such facilities. Such agencies are hereby authorized to convey 11 12 or lease such facilities to an authority or to contract for their joint 13 use on such terms as may be fixed by agreement between the agency and 14 the authority.

The facilities and properties of an authority whose vehicles will operate primarily within the rights of way of public streets, roads, or highways, may be acquired, developed, and operated without the corridor and design hearings that are required by RCW 35.58.273 for mass transit facilities operating on a separate right of way;

- (3) To dispose of any real or personal property acquired in connection with any authority function and that is no longer required for the purposes of the authority, in the same manner as provided for cities of the first class. When an authority determines that a facility or any part thereof that has been acquired from any public agency without compensation is no longer required for authority purposes, but is required by the agency from which it was acquired, the authority shall by resolution transfer it to such agency. This subsection is subject to and operates only to the extent its application is not inconsistent with the operation of section 3 of this act with respect to property acquired through or under the threat of condemnation;
- 32 (4) To fix rates, tolls, fares, and charges for the use of such 33 facilities and to establish various routes and classes of service. 34 Fares or charges may be adjusted or eliminated for any distinguishable 35 class of users.
- 36 <u>NEW SECTION.</u> **Sec. 22.** A new section is added to chapter 8.04 RCW to read as follows:

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- 1 (1) No public entity that is subject to this chapter or that 2 derives authority from this chapter may take private property 3 substantially for the purpose of:
 - (a) Increasing tax revenues or the tax base;
 - (b) Increasing employment; or

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- 6 (c) Transferring the private property to another private person or entity.
- 8 (2)(a) This section does not apply to the use of eminent domain by 9 a county, city, or town, under chapter 35.80A RCW, or under chapter 10 35.81 RCW, the community renewal law.
- 11 (b) This section does not apply to port districts, or to public 12 service companies as defined in RCW 80.04.010, or to common carriers as 13 defined in RCW 81.04.010, and does not by implication increase, 14 decrease, or alter the powers of eminent domain of those districts, 15 public service companies, or common carriers.
- NEW SECTION. Sec. 23. A new section is added to chapter 8.08 RCW to read as follows:
- 18 (1) No public entity that is subject to this chapter or that 19 derives authority from this chapter may take private property 20 substantially for the purpose of:
 - (a) Increasing tax revenues or the tax base;
- 22 (b) Increasing employment; or
- 23 (c) Transferring the private property to another private person or 24 entity.
- (2)(a) This section does not apply to the use of eminent domain by a county, city, or town, under chapter 35.80A RCW, or under chapter 35.81 RCW, the community renewal law.
- 28 (b) This section does not apply to port districts, or to public 29 service companies as defined in RCW 80.04.010, or to common carriers as 30 defined in RCW 81.04.010, and does not by implication increase, 31 decrease, or alter the powers of eminent domain of those districts, 32 public service companies, or common carriers.
- 33 <u>NEW SECTION.</u> **Sec. 24.** A new section is added to chapter 8.12 RCW to read as follows:
- 35 (1) No public entity that is subject to this chapter or that

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- 1 derives authority from this chapter may take private property 2 substantially for the purpose of:
 - (a) Increasing tax revenues or the tax base;
 - (b) Increasing employment; or

- 5 (c) Transferring the private property to another private person or 6 entity.
- 7 (2)(a) This section does not apply to the use of eminent domain by 8 a county, city, or town, under chapter 35.80A RCW, or under chapter 9 35.81 RCW, the community renewal law.
- 10 (b) This section does not apply to port districts, or to public 11 service companies as defined in RCW 80.04.010, or to common carriers as 12 defined in RCW 81.04.010, and does not by implication increase, 13 decrease, or alter the powers of eminent domain of those districts, 14 public service companies, or common carriers.
- NEW SECTION. Sec. 25. A new section is added to chapter 8.16 RCW to read as follows:
- 17 (1) No public entity that is subject to this chapter or that 18 derives authority from this chapter may take private property 19 substantially for the purpose of:
 - (a) Increasing tax revenues or the tax base;
- 21 (b) Increasing employment; or
- (c) Transferring the private property to another private person or entity.
- (2)(a) This section does not apply to the use of eminent domain by a county, city, or town, under chapter 35.80A RCW, or under chapter 35.81 RCW, the community renewal law.
- 27 (b) This section does not apply to port districts, or to public 28 service companies as defined in RCW 80.04.010, or to common carriers as 29 defined in RCW 81.04.010, and does not by implication increase, 30 decrease, or alter the powers of eminent domain of those districts, 31 public service companies, or common carriers.
- 32 <u>NEW SECTION.</u> **Sec. 26.** A new section is added to chapter 8.20 RCW 33 to read as follows:
- 34 (1) No public entity that is subject to this chapter or that 35 derives authority from this chapter may take private property 36 substantially for the purpose of:

- 1 (a) Increasing tax revenues or the tax base;
- 2 (b) Increasing employment; or
- 3 (c) Transferring the private property to another private person or 4 entity.
- 5 (2)(a) This section does not apply to the use of eminent domain by 6 a county, city, or town, under chapter 35.80A RCW, or under chapter 7 35.81 RCW, the community renewal law.
- 8 (b) This section does not apply to port districts, or to public 9 service companies as defined in RCW 80.04.010, or to common carriers as defined in RCW 81.04.010, and does not by implication increase, decrease, or alter the powers of eminent domain of those districts, public service companies, or common carriers.
- NEW SECTION. Sec. 27. A new section is added to chapter 8.25 RCW to read as follows:
- 15 (1) No public entity may take private property substantially for the purpose of:
 - (a) Increasing tax revenues or the tax base;
 - (b) Increasing employment; or

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- 19 (c) Transferring the private property to another private person or 20 entity.
- (2)(a) This section does not apply to the use of eminent domain by a county, city, or town, under chapter 35.80A RCW, or under chapter 35.81 RCW, the community renewal law.
- 24 (b) This section does not apply to port districts, or to public 25 service companies as defined in RCW 80.04.010, or to common carriers as 26 defined in RCW 81.04.010, and does not by implication increase, 27 decrease, or alter the powers of eminent domain of those districts, 28 public service companies, or common carriers.
- NEW SECTION. Sec. 28. This act applies to condemnation proceedings commenced on or after the effective date of this act.

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